

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
Carol C. Lam***

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For Immediate Release

NEWS RELEASE SUMMARY - May 22, 2006

United States Attorney Carol C. Lam announced that Patricia Palacios, the wife of a Mexican national alleged to be a member of the Arellano-Felix drug cartel, pled guilty today in federal district court in San Diego to conspiracy to structure more than \$800,000 in financial transactions, and agreed to the criminal forfeiture of cash and several assets.

In connection with her guilty plea before United States District Court Chief Judge Irma E. Gonzalez, Palacios admitted that she conspired with her husband and co-defendant, Gilberto Camacho, to structure deposits of large sums of cash in a manner to avoid the banks' currency reporting requirements. Specifically, Palacios admitted that on various dates between 2001 and 2004, she and Camacho deposited a total of at least \$822,000 in cash, in increments of less than \$10,000, into multiple bank accounts they controlled at Wells Fargo Bank and Bank of America. Palacios also admitted that she believed that the cash, which was given to her on a regular basis by Camacho, was the proceeds of drug trafficking.

According to the indictment filed on December 7, 2005, Camacho earned large sums of money from drug-trafficking, kidnaping, extortion and murder. The indictment alleged that Camacho was a member of the Arellano-Felix drug-trafficking organization (AFO), that Camacho protected drug loads and stash houses, and that he kidnaped and killed rival drug traffickers, suspected informants and other perceived AFO enemies in Mexico. Camacho is presently incarcerated in Mexico. The United States will be seeking his extradition.

As part of her plea agreement, Palacios agreed to the criminal forfeiture of several assets named in the indictment, including her home on Misty Creek Court in Chula Vista, four bank accounts containing over \$146,000, and four vehicles including a BMW and Hummer. She also agreed to the administrative forfeiture of an additional \$40,000 in cash, designer watches and jewelry, and a pair of jet skis, all of which were seized at the time of her arrest on December 9, 2005.

Palacios remains free on \$500,000 bond. She is scheduled to be sentenced on September 18, 2006, at 9:00 a.m. before Judge Gonzalez. Palacios faces a maximum sentence of five years' imprisonment and a \$250,000 fine.

United States Attorney Lam said, "Taking away the profits of drug trafficking is as important as taking away the drugs themselves. This conviction and forfeiture reinforces our full frontal attack on trafficking organizations."

U.S. Attorney Lam stated that this investigation was supported by the Organized Crime Drug Enforcement Task Force ("OCDETF"). The OCDETF program was created to consolidate and utilize all law enforcement resources in this country's battle against major drug trafficking.

DEFENDANT

CASE NUMBER: 05-CR-2203-IEG

PATRICIA PALACIOS

SUMMARY OF CHARGES

COUNT 2	Conspiracy to structure financial transactions, in violation of Title 31, United States Code, Section 5324(a)(3), and Title 18, United States Code, Section 371. The charge carries a maximum penalty of 5 years' imprisonment and a \$250,000 fine.
FORFEITURE	\$822,750 in U.S. currency; the real property located at 1195 Misty Creek Court, Chula Vista, California; one 2003 Cadillac Escalade; one 2005 Chrysler 300; one 2003 Hummer H2; one 2004 BMW 645; two bank accounts in the name of Gilberto Camacho and two bank accounts in the name of Patricia Palacios.

AGENCIES

Drug Enforcement Administration
Internal Revenue Service, Criminal Investigation
Immigration and Customs Enforcement